

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL

BY: Carol E. Momjian
Senior Deputy Attorney General
Pennsylvania Attorney I.D. NO.: 49219
21 S. 12th Street, 3rd Floor
Philadelphia, PA 19107
Telephone: (215)560-2128

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re	:	Chapter 11
	:	
MOTORS LIQUIDATION COMPANY; <u>et al.</u>,	:	Case No. 09-50026 (REG)
	:	
Debtors	:	
	:	
	:	

**COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF REVENUE
JOINDER IN TEXAS COMPTROLLER'S RESPONSE TO DEBTORS' MOTION
REGARDING ALTERNATIVE DISPUTE RESOLUTION PROCEDURES**

The Commonwealth of Pennsylvania, Department of Revenue ("Commonwealth"), by and through the Pennsylvania Office of Attorney General, Thomas W. Corbett, Jr., its counsel, JOINS in Response of Texas Comptroller to Debtors' Motion Regarding Alternative Dispute Resolution Procedures [docket item 4860], as follows:

1. The Commonwealth is a creditor of Debtors in an amount in excess of \$4,000,000.00.
2. Most of the Commonwealth's claim represents foreign franchise taxes due as a result of tax audits. Specifically, foreign franchise taxes due for tax years 2004 and 2005 are on appeal at Commonwealth Court, Docket Nos. 08-01324 and 08-08485, respectively. A tax audit for

foreign franchise taxes due for tax year 2006 was recently completed on or about November 19, 2009.

3. The Commonwealth has audited Debtors every year since 1984. The appeal issues have been identical over the past 20 years. Once Debtors appeal their foreign franchise tax assessments to Commonwealth Court, the matter is ultimately resolved through stipulation between the parties with minimal expense.

4. While the benefits of ADR are obvious, it is premature to proceed in this fashion regarding the Commonwealth's claim. Most of the audit appeals pending are the result of Debtors' failure to provide information requested by the Bureau of Corporation Taxes. As in previous years, once this information is provided, the Commonwealth will be in a better position to review and adjust its claims accordingly.

5. The procedure for accomplishing resolution of the tax audits is already in place. Two audit appeals are currently pending in Commonwealth Court. One audit assessment has been recently issued. To begin this process anew would result in financial hardship to the Commonwealth that does not have the funds and resources to dedicate to the ADR process.

6. The process in place at the Commonwealth Court level has proven previously to be an effective and efficient means of resolving complex tax issues. This case is no different in complexity than other cases handled by the Commonwealth, and as in years past, Debtors will find the attorneys currently in place can resolve the issues quickly with minimal costs to both the estate and the Commonwealth.

WHEREFORE, the Commonwealth of Pennsylvania, Department of Revenue respectfully requests that the court defer consideration of the implementation of the mandatory

mediation of tax audit claims. The Commonwealth also requests such further relief to which it may be entitled.

Respectfully submitted,

THOMAS W. CORBETT, JR.
ATTORNEY GENERAL

DATED: February 2, 2010

BY: /s/ Carol E. Momjian

Carol E. Momjian
Senior Deputy Attorney General
Attorney No. 49219
Office of Attorney General
21 South 12th Street, 3rd Floor
Philadelphia, PA 19107
Tel: (215) 560-2128
Fax: (215) 560-2202
E-mail: cmomjian@attorneygeneral.gov

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

MOTORS LIQUIDATION COMPANY; *et al.*,

Debtors

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Chapter 11

Case No. 09-50026 (REG)

DECLARATION OF SERVICE

I, Carol E. Momjian, declare as follows:

On the 2nd day of February, 2010, I submitted the Commonwealth of Pennsylvania,
Department of Revenue Joinder in Texas Comptroller's Response to Debtors' Motion Regarding
Alternative Dispute Resolution Procedures through Electronic Case Filing.

A true and correct copy of the Joinder has been mailed U.S. mail, first-class, postage
prepaid, to the following parties:

Weil Gotshal & Manges LLP
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
Attn: Harvey R. Miller, Esquire

Weil Gotshal & Manges LLP
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
Attn: Stephen Karotkin, Esquire

Weil Gotshal & Manges LLP
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
Attn: Joseph H. Smolinsky, Esquire

Motors Liquidation Company
500 Renaissance Center, Ste. 1400
Detroit, Michigan 48243
Attn: Ted Stenger

General Motors, LLC
300 Renaissance Center
Detroit, Michigan 48265
Attn: Lawrence S. Buonomo, Esquire

Cadwalader, Wickersham & Taft LLP
Attorneys for the United States Department of the Treasury
One World Financial Center
New York, New York 10281
Attn: John J. Rapisardi, Esquire

The United States Department of the Treasury
1500 Pennsylvania Avenue NW, Room 2312
Washington, DC 20220
Attn: Joseph Samarias, Esquire

Vedder Price, P.C.,
Attorneys for Export Development Canada
1633 Broadway, 47th Floor
New York, New York 10019
Attn: Michael J. Edelman

Vedder Price, P.C.,
Attorneys for Export Development Canada
1633 Broadway, 47th Floor
New York, New York 10019
Attn: Michael L. Schein, Esquire

Kramer Levin Naftalis & Frankel LLP
Attorneys for the Statutory Committee of Unsecured Creditors
1177 Avenue of the Americas
New York, New York, 10036
Attn: Thomas Moers Mayer, Esquire

Kramer Levin Naftalis & Frankel LLP
Attorneys for the Statutory Committee of Unsecured Creditors
1177 Avenue of the Americas
New York, New York, 10036
Attn: Amy Caton, Esquire

Office of the United States Trustee
For the Southern District of New York
33 Whitehall Street, 21st Floor
New York, New York 10004
Attn: Diana G. Adams

U.S. Attorney Office, S.D.N.Y.
86 Chambers Street, 3rd Floor
New York, New York 10007
Attn: David S. Jones, Esquire

U.S. Attorney Office, S.D.N.Y.
86 Chambers Street, 3rd Floor
New York, New York 10007
Attn: Matthew L. Schwartz, Esquire

Respectfully submitted,

THOMAS W. CORBETT, JR.
ATTORNEY GENERAL

DATED: February 28, 2010

BY: /s/ Carol E. Momjian

Carol E. Momjian
Senior Deputy Attorney General
Attorney No. 49219
Office of Attorney General
21 South 12th Street, 3rd Floor
Philadelphia, PA 19107
Tel: (215) 560-2128
Fax: (215) 560-2202
E-mail: cmomjian@attorneygeneral.gov